

SECTION 435: CONTRACT REQUIREMENTS

1. Purpose. The purpose of this section is to describe the general requirements as set forth by the Comptroller for each contract submitted to DAGS Accounting Division for certification of availability of funds, or for the encumbrance of funds without certification. Departments and agencies should be familiar with these requirements and also the specific statutes dealing with contracts as covered mainly in Chapter 103 of the HAWAII REVISED STATUTES (HRS).
2. Contract Requirements.
 - (a) Availability of Funds. Departments and agencies should make a preliminary determination from their own accounting records as to whether sufficient funds are available to meet the State's obligation under the contract. Sufficient funds must be in an allotment account to be available; until allotted, appropriations are not available for contract encumbrance.
 - (b) Legality and Propriety. Departments and agencies must ensure that the contract is for a legal purpose and that it constitutes a proper charge against the allotment account. For a contract to be charged to a capital improvement project appropriation, there must be on file in DAGS Accounting Division an approved ALLOTMENT ADVICE, SAFORM A-15, that includes a purpose statement consistent with the purpose of the contract.
 - (c) Types of Contract. Departments and agencies must determine whether the contract is subject to bidding, and, if so, whether formal or informal bids are required. Determination of the type of contract will also disclose whether there are special approvals required, such as those necessary for contracts for personal services, accounting and auditing services, consultant services, and others. Refer also to Section 430, Types of Contracts, of this volume.
 - (d) Form. The contract should be in a form approved by the State's Attorney General.
 - (e) Signature. The signature of the State's contracting party must be an authorized signature of the expending department or agency to whose appropriation the contract is to be charged, except for those situations where DAGS Central Purchasing Division is authorized to sign the contract.

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- (f) Contract Number. For each contract submitted to DAGS Accounting Division for certification of availability of funds, or for encumbrance of funds without certification, the Comptroller assigns the contract number. For contracts not submitted to DAGS Accounting Division under the above conditions, departments and agencies may assign the contract number for their own internal purposes. Such contract number should be unique to the department and should therefore be preceded by the departmental alpha code.
- (g) Supplemental Funds from the Federal Government. The contract must express that portion of the contract price to be payable out of federal funds; or, if the contract price is to be payable entirely out of federal funds, such must also be documented in the contract.
- (h) Other Contract Requirements. The requirements associated with contracts are described mainly in Chapter 103 of the HRS, which generally serves as the main source of legal authority. Contracts, or attachments thereto, must indicate compliance with statutes and other administrative policies relating to contracts.